

ONE HUNDRED NINTH CONGRESS

Congress of the United States
House of Representatives

COMMITTEE ON GOVERNMENT REFORM
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SUBCOMMITTEE ON FEDERALISM AND THE CENSUS
Congressman Michael R. Turner, Chairman



OVERSIGHT HEARING
STATEMENT BY MICHAEL R. TURNER, CHAIRMAN

Hearing topic: “*Public Housing in the Competitive Market Place: Do Affordable and Public Housing Developments Benefit from Private Market and Other Financing Tools?*”

Tuesday, May 23, 2006
10:00 AM
2154 Rayburn House Office Building

OPENING STATEMENT

Welcome to the Subcommittee’s hearing entitled, “*Public Housing in the Competitive Market Place: Do Affordable and Public Housing Developments Benefit from Private Market and Other Financing Tools?*”

This is the third in a series of hearings the Federalism and the Census Subcommittee is holding on public and low-income housing. The purpose of today’s hearing is to learn how financiers and developers in the multifamily affordable housing industry obtain and structure the various forms of capital used in the development of low- and mixed-income housing projects.

The Federal Government, through the Department of Housing and Urban Development (HUD), and ultimately through the various Public Housing Authorities (PHAs), plays a significant role in developing affordable housing by providing seed money for these projects. Federal funds provided through the Low-income Housing Tax Credit, HOPE VI grants, the

Public Housing Capital Fund, and the Capital Fund Financing Program, have all been heavily used to leverage additional private sources of capital for these projects. Developers have also successfully used other federal programs such as the HOME Investment Partnerships Program, the Community Development Block Grant (CDBG), and CDBG Section 108 Loan Guarantees to raise capital funds for development projects.

Congress has decreased funding for many of these programs in recent years. At the same time, many of the statutory and regulatory requirements of these Federal programs often encumber the use of federal monies, creating significant delay in project closings. The complex nature of these programs has caused some would-be investors and lenders to walk away from certain projects.

Our goal here today is to learn from those in the industry, and investigate ways in which Congress can streamline the use of the Federal Government's various sources of project capital so that they can be more easily integrated into mixed- or multi-layered financing packages. Your comments will help us shape any recommendations we make to our colleagues in Congress, as well as to the Administration, on how we can improve the current system and attract even greater private investment in affordable housing projects.

Today we have three witnesses from the private sector who will share with the Subcommittee their experiences with the financing of large low-income and mixed-income housing projects. First, we will hear from Patrick Clancy, President and CEO of The Community Builders, Inc. The Community Builders is non-profit developer of low- and mixed-income housing projects out of the Boston Area. Next, we will hear from Wendy Dolber, Managing Director of Tax Exempt Financing. Standard & Poor's Rating Services. Finally, we have Brian Tracey, Community Development Banking Market Executive, for Bank of America's Atlantic Region.

Thank you and I look forward to your testimony.

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